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SUBJECT: NO SURPRISES - PUTIN CONFIRMED AS PREMIER

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Classified By: DCM Daniel A. Russell. Reason: 1.4 (d).

Summary

¶1. (SBU) Putin's castling move from Kremlin to White House concluded today with his two-hour confirmation hearing as Premier. Hours after yesterday's inauguration, President Medvedev and Putin made their opening moves, with the former taking steps to tackle his goals of economic reform and innovation. However, the national spotlight turned to Putin as he met with Duma leaders yesterday and it remained on him during today's procedures. After a brief introduction by Medvedev, Putin delivered an almost hour long exposition of plans for his government and answered six questions posed by three of the four parliamentary parties. A round of commentary from the faction chiefs, including a criticism from Communist leader Gennadiy Zyuganov explaining why his party would not support the nomination and then a blistering anti-Communist rebuttal by Vladimir Zhirinovskiy, preceded the vote - which approved Putin as Premier by a vote of 392 to 56. Now, the pieces are set for a new round of political chess, with the elite watching to see whether Medvedev is ready (or has the inclination) to challenge tactical grandmaster Putin. End Summary.

Opening Gambit

¶2. (SBU) President Medvedev's first order of business yesterday was the issuance of several decrees that provide evidence of his commitment to economic reform and growth. He directed the incoming Putin government to propel two of the National Priority Projects to their next level of development. His Decree on Measures for Developing Housing Construction ambitiously directed the GOR to consolidate a registry of all federal lands and, by September 1, draft legislation recommending how the newly formed Housing Construction Fund might make better use of the "millions of hectares" currently moldering away under poor state management. (Note: Embassy's post-election reporting had forecast that land reform might be at the top of Medvedev's agenda. See reftel. End Note.)

¶3. (SBU) In the same vein, the Decree on Federal Universities seeks to enhance the quality of higher education by establishing universities in underserved areas, such as the Far East, and right-sizing the remainder. Further, two days before the national Victory Day celebration, Medvedev's third decree pledged to provide housing to veterans of the Great Patriotic War by May 1, 2010. Medvedev ordered the government to draft legislation within two months that would guarantee federally funded housing for each surviving Russian combatant of the 1941-1945 war.

¶4. (SBU) Medvedev also fulfilled a campaign promise by putting Putin forward as his candidate for Premier. Putin wasted no time in seeking the limelight. After overseeing

Medvedev's inauguration and his handover of the "nuclear suitcase," he met leaders of the four Duma factions. Demonstrating clearly the alignment of power, the former president called the Duma chiefs to meet him at the Kremlin, vice what had been the procedure of a "supplicant's" visit to Okhotniy Ryad. In an event that pushed Medvedev's inauguration to the second spot on the evening news, Putin held an hour-long session behind closed doors with United Russia's Boris Gryzlov, Communist Party of the Russian Federation (KPRF) head Zyuganov, Liberal Democratic Party of Russia (LDPR) boss Zhirinovskiy, and Nikolay Levichev of Just Russia. He left the meeting confident that he enjoyed the support of an overwhelming majority in the parliament, with only the KPRF standing in opposition to his nomination.

Closing Ranks:
Putin's Confirmation Hearing

15. (SBU) Putin's confirmation hearing was largely dull, but well-managed theater that showcased (again) the candidate's confident mastery of the issues, his extraordinary attention to detail, and his preponderant political heft. Medvedev was relegated to master of ceremonies, officially nominating Putin as his candidate for Premier and then offering brief closing remarks. Not surprisingly, the Duma turned out in full force with all delegates in place for the show - but showed little enthusiasm beyond tepid applause for most of the proceedings.

16. (SBU) Putin accepted the nomination with a nearly hour-long speech that closely approximated the "poslaniye"

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state of the federation address that the President delivers yearly to the Federal Assembly. He covered the waterfront of key social and economic issues - macroeconomic stability, building an innovation economy, fighting corruption, improving agriculture and housing - and offered his vision for dealing with each of those challenges. He devoted special attention to the issues of inflation and increasing tariffs on key public utilities (gas, electricity, railways), arguing that promoting economic growth could help to alleviate these issues. (Analysis of Putin's economic agenda to follow septel.)

17. (SBU) The Duma leadership had decided upon an abbreviated procedure for the confirmation hearing, since all the factions had decided how they would vote and thus had no need for lengthy discussion of issues with the candidate. Instead, the leaders allocated two questions each to the four Duma factions, with United Russia demurring from questioning their newly installed party leader. Delegates from the KPRF asked about inflation and tariffs - compelling Putin to reiterate his positions laid out in his opening remarks. LDPR and Just Russia representatives pitched comparative softball questions: the former on "double standards" imposed on Russian firms looking to invest in Europe and the need for investment in education, the latter on Putin's intentions of working with the minority parties in the Duma and for housing reform. Candidate Putin responded with his characteristic confidence and mastery of figures - a perhaps less impressive feat given that he knew the questions in advance.

18. (SBU) Fireworks sparked by political junkyard dog Zhirinovskiy's biting criticism of the Communist Party's refusal to back Putin over ideological difference roused the drowsy Duma delegates. After a few short words of praise for Putin "the man," Zyuganov hurried through a long litany of criticisms of the Putin administration, ranging from complaints about the failings of the recent elections (including that which brought Medvedev to power) to distress at the government's failure to secure union with Belarus. Zhirinovskiy fired back with a devastating assault on the Soviet legacy that Zyuganov and his crew hold so dear, shouting that the industrial might of the USSR was built by

prison labor and dismissing the Left and its failed and destructive policies to the dustbin of politics. By comparison, the mild criticisms and rejoinders for a more attentive approach to social issues by Just Russia's Levichev failed to excite even the members of his party.

¶9. (SBU) After an anodyne speechlet by Gryzlov that dipped briefly into the ideological pool of "sovereign democracy" and lauded the vision and accomplishments of Putin as president, the moment of truth finally arrived. In an open vote, the delegates voted almost exclusively along party lines to give 392 votes for Putin's appointment versus the KPRF's 56 votes against. Putin accepted his confirmation, not with an opening of thanks, but with a wonkish reply to correct three "mistakes" that he had heard during the faction leaders' remarks. Perhaps most pointedly, he hammered his point that failure to raise tariffs on the state monopolies would mean that the government would have to tap budget resources for needed investment in those sectors, at the expense of schools, education, and other priorities. Only after he had dotted those "i's," did he thank the Duma for its support - using a letter from a Sovkhoz handed to him before the hearing addressed to Putin as head of the government in part as a joke (to show the rightness of the Duma's decision) but perhaps also to underscore the predetermined nature of the proceedings.

Can Putin Check Medvedev?

¶10. (C) Already Russia's commentariat has responded to recent events by rallying around the "Putin triumphant" scenario. Indeed, the former President through his confirmation, position as United Russia head, and omnipresent political player has demonstrated his ability to move quickly across the board in all directions - playing the role of "queen" on Russia's political chessboard. In a recent meeting, Carnegie Center's Kremlin-watcher Lilya Shevtsova predicted that from the "vertical of power" we would see a "vertical of the prime minister's office" emerge, with Putin enjoying - at least initially - an asymmetry of power. In this beginning, she maintained, this would not be a tandem, or a diarchy, but a system tilted towards the White House. Putin enjoyed bureaucratic resources, financial streams, and the desire of the political class that he remain as a symbol of the new Russia, whereas Medvedev's strength lay in the constitutional role prescribed him.

¶11. (C) But, as Shevtsova admitted, Medvedev's ultimate consolidation of power can not be ruled out. While Putin

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remained in charge for now, with Medvedev a "technical" President, the new President could accrete power and there were many in elite circles who wanted to see that shift occur. (Outside of elite circles, Shevtsova pointed to a Levada poll that showed 47 percent of Russians want Medvedev to be President, vice 22 percent who wanted Putin to remain.)

Within the political class, she argued, there was little confidence that dual power was sustainable, and the efforts underway to win favor with Medvedev's entourage illustrated that the new President had not been written off. Increasing Medvedev's long-term chances at consolidating power was Putin's disinterest in the nitty-gritty of government work. Noting that Putin had spent five months of the last year outside of Moscow, Shevtsova argued that the collective government he sought to create with numerous deputy prime ministers also reflected his hands off approach and nominal interest in the position. Commenting that Putin's entourage was internally divided, Shevtsova argued that this would lead to some White House factions seeking support in the Kremlin, providing Medvedev some leverage in what ultimately will be a prolonged, multi-year post-succession sorting out of power.

Comment

¶12. (SBU) Putin's appointment closes the "election" phase of the succession process and clears the board for whatever comes next. In the coming days and weeks, we will see the shape of Putin's government and have time to ponder the new arrangement of power and cadres. At this point, Putin seems to have managed the process flawlessly and retains his "Teflon" coating that has protected him for eight years of power. Contrary to the expectations of some Kremlin watchers, Putin did not turn his confirmation into a wholesale approval of "his" cabinet - leaving space for Medvedev to show his preferences in cadre policy. Moreover, several of Putin's initiatives fit fist in glove with Medvedev's first directives on land, housing for veterans, and universities - suggesting a coordinated effort by the tandem leadership. Nevertheless, while many here are positing that Putin's "queen" has checked Medvedev's "king", if only for the time being, the former president should well know that in Russian politics as well as in chess, that a skilled player can guide a lowly pawn to become a "queen."

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